

REMARKS

This application has been carefully reviewed in light of the Office Action dated April 19, 2006. Claims 1-49 have been cancelled without prejudice, and new claims 50-75 have been substituted therefore. Claims 50, 54, 63 and 67 are independent. Favorable reconsideration is respectfully requested.

In the Office Action, the Examiner kindly noted an informality in claim 35. Claim 35 has been cancelled without prejudice, and Applicants believe that new claims 50, 54, 63 and 67 are properly numbered.

In the Office Action, prior claims 1-49 were rejected under 35 U.S.C. 102(b) as being anticipated by the article "Implementing Value at Risk," by Best. As shown above, Applicants have replaced claims 1-49 with new claims 50-75. Support for new claims 50-75 may be found throughout the specification, and particularly on pages 8 and 9 therein. Applicants submit that new independent claims 50, 54, 63 and 67, together with the remaining claims dependent thereon, are patentably distinct from the cited prior art for the following reasons.

The present invention is directed to methods and systems for managing risk, particularly for financial transactions that have two or more risk factors associated therewith. The article by Best is correctly identified by the Examiner as being relevant to this field, identifying a number of risk factors.

The present invention as defined in the new claims, on the other hand, goes well beyond the teachings of Best to recite advantageous methods and systems for *managing* these risk factors, once they have been identified. To the contrary, Best discloses no specific methods or systems that enable a money manager or institution to manage the risk factors it identifies.

Thus, new independent claim 50 is directed to a method of managing risk, wherein first and second risk factors are expressly recited. Of course, claim 50 has a scope encompassing the presence and management of additional risk factors, which are not expressly recited in the claim. New independent claim 54 recites the plurality of risk factors without specifically mentioning first and second risk factors, and is also broad enough in scope to cover any number of such risk factors.

More specifically, independent claim 50 is directed to a method for managing risk associated with at least one financial transaction, each financial transaction having at least a first risk factor and a second, different risk factor. The method comprises the steps of, for each individual financial transaction of said at least one financial transaction, receiving the individual financial transaction, performing a first hedging transaction on the received financial transaction that removes the first risk factor from the received transaction, and assigning the first hedging transaction to a first risk book associated with the first risk factor.

Dependent claim 51 goes beyond claim 50 to address the second risk factor in a corresponding manner.

New independent claim 54 generalizes the method of claim 50 beyond the first and second risk factors. Thus, claim 54 is directed to a method for managing risk associated with at least one financial transaction, each financial transaction having associated therewith at least one of a plurality of risk factors, each risk factor being different from all of the other risk factors, the method comprising the steps of, for each individual financial transaction of the at least one financial transaction, receiving the individual financial transaction, performing a respective hedging transaction on the received financial transaction that removes a respective one of the plurality of risk factors from the received transaction, and assigning the respective hedging transaction to a respective risk book associated with the respective risk factor.

Applicants have carefully reviewed Best, and in particular have carefully reviewed the portions of Best cited in the Office Action. However, Applicants have found no teaching or suggestion therein of performing respective hedging transactions to strip out respective risk factors associated therewith. Thus, while Best identifies different risk factors that need to be managed, Best does not teach or suggest that such risk factors be stripped-out by the steps recited in independent claims 50 and 54. Thus, there is nothing in Best that would suggest anything other than the prior art method of attempting to manage plural, identified risk factors in combination, not separately.

If the Examiner maintains that Best discloses or suggests the performing respective hedging transactions to strip out respective risk factors associated therewith, as

opposed to merely the identification of different risk factors, she is respectfully requested to state where, in Best or in any other reference, there is such a teaching or suggestion.

As noted above, new independent claims 50 and 54 are directed to methods of managing risk in accordance with the present invention. New independent claims 63 and 67 are corresponding system claims and are believed to be patentably distinct from the cited prior art for the same reasons. The remaining claims depend from a respective one of the independent claims and partake of their novelty.

In light of the foregoing amendments and remarks, Applicants respectfully submit that claims 50-75 are patentably distinct over the prior art of record.

Applicants further submit that the application is in proper form for allowance of all claims, and earnestly solicit a notice to that effect.

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Appln. No. 09/891,183

PATENT
Attorney Docket No.: 74577-036

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Date: July 19, 2006

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